

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**Midwest Independent Transmission)
System Operator, Inc.)**

Docket No. ER03-580-000

**MOTION TO INTERVENE AND COMMENTS AND PROTEST OF THE
STATE OF MICHIGAN AND MICHIGAN PUBLIC SERVICE COMMISSION
IN RESPONSE TO THE PETITION FOR
THE MIDWEST INDEPENDENT TRANSMISSION SYSTEM OPERATOR, INC.
TO ACCOMMODATE THE OPERATION OF GRIDAMERICA**

Pursuant to Rules 211 and 214(a)(2) of the Federal Energy Regulatory Commission's Rules of Practice and Procedure, 18 C.F.R. §§ 385.211, 385.214(a)(2), the State of Michigan and Michigan Public Service Commission (collectively "Michigan") file a motion to intervene, a notice of intervention and comments regarding the Midwest Independent Transmission System Operator, Inc. ("Midwest ISO") and GridAmerica LLC ("GridAmerica") application to accommodate the operation of GridAmerica as an independent transmission company in the above-captioned proceeding. Michigan states as follows:

I. Communications

1. Service of all pleadings, documents, and communications in this matter shall be made at the following address:

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II. Basis for Intervention

2. Michigan is a sovereign state of the United States and intervenes in its *parens patriae* capacity to preserve and protect the health, safety and welfare of its citizens; and in its proprietary capacity as a substantial purchaser of electricity.

3. The Michigan Public Service Commission (“Michigan Commission”) is an agency of the State of Michigan, created by 1939 Pub. Acts 3, MCL 460.1 *et seq.* As the Michigan regulatory agency having jurisdiction and authority to control and regulate rates, charges, and conditions of service for the retail sale of electricity in the state, the Michigan Commission intervenes in this matter pursuant to the authority conferred by applicable state statutes, rules, and procedures.

4. Michigan is vitally interested in matters involving operation of an interstate common market for electricity. Michigan thus has a direct interest in this proceeding that cannot be adequately represented by any other party. Therefore, Michigan’s participation and intervention is in the public interest.

III. Description of Filing

5. On February 28th Midwest ISO filed a petition on behalf of the GridAmerica to institute two new rate schedules designed to collect lost revenue resulting from the elimination of pancaking on point-to-point transactions intra-Midwest ISO for a transition period of three years.

6. Proposed Schedule 18 is intended to collect revenues related to historical point-to-point service between the Midwest ISO transmission owners and GridAmerica companies. Proposed Schedule 19 is intended to collect revenue for the GridAmerica companies for point-to-point service within its zones. Midwest ISO alleges that a lost revenue mechanism is necessary to maintain revenue neutrality and avoid cost shifting.

IV. Comments and Protest

7. The lost revenue that would be recovered through Schedule 18 as proposed, will be assessed to Michigan utilities. If a lost revenue surcharge is to be collected at all, it should be determined in a fair and reasonable manner, including use of an appropriate test year, a phase-out of the recovery mechanism, and a true-up proceeding. The methodology used by Midwest ISO and GridAmerica do not meet this fair and reasonable test. Schedule 19 would not, as proposed, be assessed to customers in Michigan.

8. WHEREFORE, Michigan respectfully requests that the Commission grant the requested interventions.

Respectfully submitted,

**STATE OF MICHIGAN AND
MICHIGAN PUBLIC SERVICE COMMISISON**

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Dated: March 21, 2003

Its Attorneys